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No.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

NEWELL COMPANIES, INC.,

Petitioner,

-vs.-

KENNEY MANUFACTURING CO.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

GEOFFREY R. MYERS

SHLESINGER & MYERS
200 Semmes Building
10220 River Road
Potomac, Maryland 20854
(301) 365-8000

JAMES G. STAPLES
Counsel of Record
PHILIP J. ZADEIK

BAKER & MCKENZIE
130 E. Randolph Drive
Chicago, Illinois 60601
(312) 861-2766

Counsel for Petitioner

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

QUESTIONS PRESENTED

1. Does the Federal Circuit's "landmark" opinion unconstitutionally deprive litigants of their Seventh Amendment right to a trial by jury, when it declares that the issue of "obviousness" (an issue present in the vast majority of patent infringement controversies) is one purely of law for the court, and not the jury, to decide?

2. After a jury finds a patent either "nonobvious" or "obvious", does the Federal Circuit, as it now so holds, have the right on appeal to reweigh *de novo* the factual indicia presented at trial, draw its own inferences therefrom, and reach an opposite result; or must the Federal Circuit abide by the "reasonable jury/substantial evidence" test?

3. Since the "obvious/nonobvious" test for patent validity is merely one among a myriad of forms of the "reasonable man" standard found throughout the law, does the Federal Circuit's opinion now establish precedent for every appellate court to ignore a jury's finding on the ultimate issue (e.g. "negligence"), and reach a different result by reweighing *de novo* the factual indicia presented and drawing its own inferences therefrom?

4. Is it, as the Federal Circuit held:

   1) a violation of Rule 49(a) Fed. Rule Civ. Pro. for the jury to answer a direct question on the issue of "obviousness";

   2) is the sole function of a jury, when a "reasonable man" standard is involved, (e.g. "obviousness") to resolve disputes involv-

ing purely factual indicia of "reasonableness";

and

3) are special interrogatories pursuant to Rule 49(a) to resolve factual disputes mandatory whenever "obviousness" is in issue, so that the Court from there can determine *de novo* the issue of "obviousness/nonobviousness" of an invention;

OR, do such restrictions on a jury's function now imposed by the Federal Circuit, act to deprive litigants of their Seventh Amendment right to a trial by jury and/or mandate an unworkable forum for carrying out patent and other litigation?

PARTIES TO PROCEEDINGS BELOW

The petitioner in this action (and plaintiff-appellant below) is Newell Companies, Inc.

The respondent in this action (and defendant-appellee below) is Kenney Manufacturing Co.

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NEWELL COMPANIES, INC.

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KENNEY MANUFACTURING CO.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Newell Companies, Inc. (herein "Newell") respectfully prays that a Writ of Certiorari issue to review the judgment entered in favor of respondent Kenney Manufacturing Co. (herein "Kenney") by the United States Court of Appeals for the Federal Circuit, consolidated Appeal Nos. 85-2232, 86-711, 86-742, and 86-1018.

Opinions Below

The decision of the U. S. District Court for the District of Rhode Island dated April 4, 1985 setting aside a jury verdict in favor of Newell, and granting a directed verdict for Kenney dismissing Newell's patent infringement case is reported at 606 F. Supp. 1282, 226 USPQ 157 (D.R.I. 1985) (Boyle, C.J.). The

decision is reprinted in the Appendix at pages 66a-99a.

The decision of the U. S. Court of Appeals for the Federal Circuit affirming the District Court, with dissent, is reported at 864 F.2d 757, 9 USPQ 2d 1417 (Fed. Cir. 1988). This decision is reprinted in the Appendix at pages 1a-65a.

Jurisdiction

The date of the Federal Circuit's Judgment sought to be reviewed is December 29, 1988.

Newell filed a Petition for Rehearing and Suggestion for Rehearing In Banc on January 12, 1989. A Motion to Stay the Mandate was filed on March 9, 1989.

By Order dated March 3, 1989, the Court of Appeals for the Federal Circuit denied the petition for rehearing, advising that the Suggestion for Rehearing *In Banc* was under consideration and that the mandate would issue on March 10, 1989. [Ap.100a-101a] The mandate issued on March 10, 1989 and the Suggestion for Rehearing *In Banc* was declined by Order, without opinion, on March 15, 1989. [Ap.102a] No extensions of time for filing this petition have been sought or granted.

Jurisdiction of this Court is believed to be conferred by 28 U.S.C. §1254(1).

Constitutional Provisions and Statutes Involved

This case involves the Seventh Amendment to the United States Constitution:

Seventh Amendment

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

This case also involves the standard of "obviousness/nonobviousness" as codified in 35 U.S.C. §103. Its pertinent portion is as follows:

> **§103. Conditions for patentability; non-obvious subject matter**
>
> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Statement of the Case

Newell is the assignee of U. S. Patent 4,006,770 (hereinafter " '770") issued on February 8, 1977 to inventor Thomas A. Ferguson, an employee of Newell. The patent discloses and claims a window shade assembly which may be constructed accurately by the homeowner without the need for tools. Like every other invention ever devised by mankind, the Fer-

guson invention is a combination of individual elements; i.e. tearable shade material, telescopic roller, securement means, etc., each of which was known prior to the time Mr. Ferguson conceived of his invention. Novelty is found in the uniqueness of the manner in which these known elements were combined by Mr. Ferguson to achieve a window shade that can be constructed by the homeowner, simply and without tools. The issue presented to the jury was whether Kenney had proven by clear and convincing evidence, and without the use of hindsight, that the making of this unique combination to thereby, for the first time, achieve a "do-it-yourself-without-tools" window shade would have been obvious to one of ordinary skill in the art at the time the invention was made. The jury held that Kenney had not done so.

As described in the District Court's Opinion in greater detail (226 USPQ at 158-159, Ap.68a-71a), prior to the advent of the Ferguson invention, "store-cut shades were the state of the art." (Ap.68a) These store-cut shades presented numerous difficulties for the consumer. The Ferguson invention (the '770 patent) solved these problems, and the Ferguson do-it-yourself-without-tools shade was an immediate commercial success, despite the skepticism of at least one other skilled artisan when it was introduced. Within one year after Ferguson's invention became known, competitors, who had known all along of the individual elements that make up the Ferguson combination and the problems their own store-cut shades engendered, began copying the Ferguson invention. In one instance, a competitor effected an import from Taiwan. In 1981, defendant Kenney introduced its virtual

copy to rescue from loss to Newell one of its principal customers, K- Mart. K-Mart had advised Kenney that if it could not come up with its own do-it-yourself-without-tools shade, K-Mart would, as of July 1, 1981, drop all orders for *all* drapery hardware with Kenney and give it to a company (i.e. Newell) who could supply what amounted to the Ferguson invention, as well as the other hardware. Promptly thereafter, Kenney came up with its "do-it-yourself-without-tools" shade, and with full knowledge of the Ferguson invention. The District Court found that the Kenney shade was similar to the Ferguson '770 shade except for the method of securing a portion of the shade material to one of the two portions of the telescopic roller. (See 226 USPQ at 159, Ap.70a-71a.)

Newell sued Kenney in the United States District Court for the District of Rhode Island for infringement of the '770 Ferguson patent. Jurisdiction was based upon 28 U.S.C. §1338(a). A nine (9) day jury trial was conducted. Kenney posed numerous defenses. Extensive evidence by the inventor, experts on both sides, and others was heard. At the close of trial, the District Court carefully and thoroughly instructed the jury in the law and in the procedures to be used for determining the "obviousness" issue.[1] The jury thereafter returned a verdict in Newell's favor. The form of the verdict was a series of general "yes" or "no" interrogatories on the issues of novelty, utility, obviousness, infringement and willful infringement, and a line for finding the amount of damages. The jury, by checking the appropriate line designated "yes" or "no", found that Kenney had failed to prove

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[1] Extracts reproduced in Fed. Cir. dissenting Opinion, 864 F.2d at 784. [Ap.56a-58a]

by clear and convincing evidence that the claimed invention of the Ferguson '770 patent lacked novelty or utility, or that it was obvious. The jury, by the same procedure, found that Newell had proven by a preponderance of the evidence that Kenney had infringed claim 1 of the '770 patent, but had failed to prove *willful* infringement. The jury found non-punitive damages in the amount of $1,279,679.20. There were no conflicting answers by the jury to any of the interrogatories posed and Kenney made no claim that there were.

Kenney moved for a directed verdict at the close of Newell's case-in-chief and again at the close of evidence in the case. The District Court had reserved decision thereon pending the jury's verdict (226 USPQ at 157, Ap.66a). As reported in the District Court's opinion, supra, Kenney's motion for directed verdict was granted on the issues of both obviousness (and thus invalidity) and infringement. In the initial portion of its opinion, the District Court set forth the reasonable jury/substantial evidence test as the standard to be applied. It then, in summary fashion, stated that no reasonable jurors could conclude that the '770 patent was valid or infringed (226 USPQ at 157, Ap.67a).

While claiming to use the reasonable jury/substantial evidence test, the remaining opinion shows that it was, in fact, not employed. Instead, the remainder evidences a *de novo* review of the evidentiary facts and their application to the *Graham* factors. This included the drawing of numerous inferences adverse to Newell, the heavy, *de novo* weighting of indicia of obviousness against Newell, and the *de novo* explaining away, and thus light weighting, of the indicia of

nonobviousness. In Newell's opinion, jurors could quite reasonably have drawn different inferences and given different weight to the numerous factors that existed on both sides of both the issues of obviousness and infringement.

Newell appealed to the Federal Circuit. The basis for jurisdiction was 28 U.S.C. §1295(a)(1). The three-membered panel's split decision is reported at 864 F.2d 757-788. [Ap. 1a- 65a] *In banc* consideration was refused. [Ap. 102a]

Importantly, while the panel majority's decision (i.e. "PMD") affirmed the District Court in result, it did not do so in substance. The PMD, instead, changed the standard for review, declaring as discussed more fully below, in a "landmark" ruling that "obviousness", as a matter of law, was reviewable *de novo* by the Court because the basic facts were not contested. As brought out in the dissent, implicit in the PMD is the salient fact that if the appropriate standard for reviewing a jury verdict is the "reasonable jury/substantial evidence" test, the District Court's opinion must be reversed. (See dissent, 864 F.2d 784-788, Ap.56a-65a.)[2]

THE PMD'S LANDMARK RULING

A reading of the eloquently presented opinions of both the PMD and dissent highlight better than this Writ can do, the deep-seated nature of the constitutional controversy presented and its extreme importance to patent law and other areas of the law as well (e.g., negligence). That the PMD is a controver-

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[2] The Federal Circuit did not reach the issue of the directed verdict on infringement.

sial, sweeping, authority-usurping, landmark decision can not be reasonably disputed. The issue is whether it is constitutional.

Stated succinctly as possible, the PMD holds that the issue of "obviousness" is one of law for a court, and not a jury, to decide. It further holds that the jury's role is solely that of resolving disputes of "fact", and this must be accomplished by special interrogatories pursuant to Rule 49(a). Once this is done by the jury, holds the PMD, then the trial court and Federal Circuit are free to weigh the facts as they see fit and draw their own inferences to arrive at a decision of "obviousness" or "nonobviousness", regardless of whether a reasonable jury could have weighed the facts differently or drawn different inferences to reasonably reach a different decision.

One of the effects of this landmark decision is to mandate, in virtually every complex patent case involving a jury, the use of special interrogatories directed at resolving factual disputes. Its further holding that the presentation of the direct question of "obviousness" to the jury is a violation of Rule 49(a), insures this result, even if it were not apparent from the rest of its decision.[3]

Care must be taken in not being subtly and erroneously misled into limiting the sweeping nature of this landmark decision by the remarks made in the PMD to the effect that the basic facts were not con-

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[3] 864 F.2d at 765 [Ap.15a]:

> "Giving the jury a direct question to answer on the legal issue of obviousness was technically a violation of Rule 49(a), but harmless here."

tested, and thus the issue of obviousness was merely a matter of law.[4] Even if true, which Newell disputes, that does not in any meaningful way limit the sweeping effect of this landmark decision. The same historically unresolved and controversial issue is presented, by the very nature of a patent case itself. For example, a dispute over whether a prior public sale of a similar, but not identical, window shade occurred, or whether it was experimental and not prior art (i.e. a "basic" fact), would still be left under the PMD for the jury to resolve. Once resolved, however, the same basic constitutional issue would arise . . . .who is to decide the weight to be given it, the inferences to be drawn from its "differences" with the patented invention, the effect of the "secondary considerations" such as failures of others or commercial success thereon, and thus whether the patented invention was obvious in light of its existence or non-existence?[5]

Newell petitioned for, and the Federal Circuit considered, but declined *in banc* rehearing.

Newell files this Writ so that this Court, pursuant to its plenary power to administer the federal court system, may resolve this important issue which threatens the vitality of jury trials in patent cases

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[4] See, for example, 864 F.2d at 765 [Ap.15a following quote in fn 3 above].

[5] Other examples of a similar nature could be formulated. In point of fact, rarely is there a truly dispositive controversy over the existence of a basic fact involved in deciding the obviousness question. The controversy in virtually every case revolves about the weight to be given, and the inferences to be drawn from, the factual indicia on either side of the issue surrounding a known body of prior art.

and the sanctity of the jury's fact-finding role in other types of cases.

Reasons for Granting This Writ

I. Summary

The magnitude of the issue here presented is apparent from the final paragraph in the section titled "II. *The Constitutional Issue*" of the dissent (Ap.34a-42a):

> "It is not available to two judges of this court to overrule two centuries of constitutional right, simply by redefining a protected jury question as one of pure law independent of its factual components, proposing thereby to remove the question from jury verdict."

As reported with citation in the dissent, the issue of "obviousness" pervades patent litigation. (See 864 F.2d at 782, Ap.53a.) The detailed and diametrically opposed opinions of both the panel majority and the dissent in this "landmark" Federal Circuit decision eloquently contrast the historic conflict that existed among the various Circuit Courts prior to 1982 and that now exists within the Federal Circuit itself over the fundamental issue presented here. The opinions further highlight the current (and historic) confusion over the meaning of language used in this Court's previous decisions which address the issue of "obviousness" but which do not directly define a jury's role under the Seventh Amendment in this regard.[6]

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[6] This was usually because a jury was not involved. In this respect, in some prior cases in the past and particularly before the 1952 Act, "obviousness" was synonymous with "invention".

Each of the two Federal Circuit opinions finds support in language used by this Court, but neither can find direct support in fact. That is because none exists. By granting Newell's petition for this Writ, the Court may now fill this important omission.

The number of times this Court has discussed the standard of "obviousness" since its statutory adoption in 1952 bespeaks of its fundamental importance in patent law and its prevalence in the vast majority of patent infringement cases brought.[7] Numerous patent cases are currently awaiting trial; some are in trial; others await appellate review. Given prior decisions of the Federal Circuit eschewing the mandatory use of Rule 49 special interrogatories (and thus now in conflict with this new "landmark" decision), many may have to be remanded for new trial.[8]

The need for this Court's clarifying intervention, defining the role of a jury in a patent case, is manifest.

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[7] See, e.g., *Graham* v. *John Deere Co.* 383 U.S. 1 86 S.Ct. 684 (1966); *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co. Inc.* 396 U.S. 57, 90 S.Ct. 305 (1969); *U. S.* v. *Adams* 383 U.S. 39, 86 S.Ct. 708 (1966); *Dann* v. *Johnston* 425 U.S. 219, 96 S.Ct. 1393 (1976); *Sakraida* v. *Ag Pro Inc.* 96 S.Ct. 1532 (1976); *Roanwell Corp.* v. *Plantronics, Inc.* 429 U.S. 1004, 97 S.Ct. 538 (1976) [dissenting Memorandum Decision, cert. denied]; *Shultz* v. *Moore* 419 U.S. 930, 95 S.Ct. 203 (1974) [dissenting Memorandum Decision, cert. denied]; *Dennison Mfg. Co.* v. *Panduit Corp.* 475 U.S. 809, 106 S.Ct. 1578 (1986).

[8] See, e.g., *Weinar* v. *Rollform Inc.* 744 F.2d 797, 809 (Fed. Cir. 1984) [leaving to the trial court's discretion the use of special interrogatories stating, in part: "The decision to submit interrogatories, and the precise language in which they are couched, can have an untoward effect on the verdict . . .".

The Federal Circuit Court is heading into its seventh year of existence. By its "landmark" decision, this new Court has now usurped the power of a jury and granted unto itself the power to decree the validity or invalidity of virtually every patent brought before it, based upon its own *de novo* review of the record, weighing of the indicia and drawing of inferences. No longer need it give any heed to different degrees of weight or different inferences drawn by a jury acting reasonably based upon substantial evidence before it. Its sweeping decision, in this regard, forms potential precedent for limiting the role of a jury in negligence and other similar types of cases. Its now mandated special interrogatories are potentially ruinous to orderly procedures in many complex patent cases. Given the sanctity of the Seventh Amendment, if such power is to be given this new *national* federal court of appeals, with which no other appellate court now has the opportunity to disagree, should not such power be granted only with the imprimatur of this Supreme Court?

This Court should grant Newell's petition for this Writ of certiorari so that this Court can determine as a matter of administrative policy whether the Court of Appeals for the Federal Circuit should have the authority to treat a jury's findings of fact differently than any other court must.

II. The Standard of "Obviousness" As Defined By This Court Involves Drawing Inferences And Assigning Varying Degrees of Weight, Even If All of The Individual "Facts" Are Uncontested

The standard of nonobviousness as a condition for patentability (e.g. validity) has existed since at least 1851, when it was placed into the law by this Court

in the case of *Hotchkiss* v. *Greenwood* 11 How. 248, 13 L.Ed. 683 (1851). In 1952 Congress codified the standard as Section 103 of 35 U.S.C.:

> **§103. Conditions for patentability; non-obvious subject matter**
>
> A patent may not be obtained though the invention is not identically disclosed or or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

In 1966, this Court declared that Section 103 was merely a codification of the existing standard (called "invention" in the old law), and no change thereof was intended by Congress. *Graham* v. *John Deere Co.*, supra, 86 S.Ct. at 693. This Court then, however, established a rather definitive procedure to use in reaching a determination of "obviousness/nonobviousness". Calling it a series of "several basic factual inquiries", the *Graham* Court goes on to say:

> ". . . .Under §103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is de-

> termined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy. See Note, Subtests of 'Nonobviousness': A Nontechnical Approach to Patent Validity, 112 U.Pa.L. Rev. 1169 (1964)."
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> 86 S.Ct. at 694

This has become known in patent law as the *Graham* inquiry, or test, and is now employed whenever "obviousness" is in issue. The jury was carefully instructed to follow this *Graham* inquiry in the subject case. (As noted in the dissent, Ap.56a-58a.)

The actual facts gathered from employing these inquiries are often not reasonably in doubt. For example, the "scope and content of the prior art" is usually found in literature references or prior issued patents. Their contents speak for themselves. While often explained by experts, they are rarely disputed evidence. The weight to be given them, inferences to be drawn from the circumstances surrounding them, and interpretation of testimony when subject to two meanings concerning them or other types of prior art, may often be hotly contested, and reasonably conflicting, however. Indeed, the major battles in patent cases under the "obviousness" doctrine usually involve such conflicts.

As another example, the "differences" over the prior art are usually uncontested, as they are set forth in the claims and are highlighted by their prosecution

history before the Patent Examiner. Interpretation of the meaning of such differences, their scope, pertinence, and the inferences to be drawn therefrom are often in conflict and are deeply vested as factual underpinnings, despite the fact that they exist as a basic or material uncontested fact. Rarely is the level of ordinary skill contested, as another example. What is contested is what, without hindsight, would be obvious to this reasonable, hypothetical artisan.

As a still further, and very important, example are the inferences to be drawn from, and the weight to be given the important "secondary considerations". Such things as commercial success, failure of others, etc., are usually admitted to exist at least to some extent, if, in fact, they do exist at all. Their impact on the issue of "obviousness" is often heavily disputed and the level of this impact, or its magnitude, is a "factual indicia over which reasonable persons can, and often do, disagree. These "secondary considerations", in short, serve as common sense safeguards against the prohibited use of hindsight when determining if an invention is "obvious".

For this reason the panel majority's opinion in this case, stating that the *Graham* factors here were not in dispute, must be placed in appropriate context. Such is, in practical reality, a non-limitation, as can be seen from the above. Basic facts are often self-evidently in existence. It is their meaning and context that is almost always in factual dispute, as is the case here. In point of fact, in the subject case, while the existence of each prior art reference was admitted to, as was the level of skill, it is apparent that reasonable inferences in favor of nonobviousness could easily be drawn, as could those on the side of ob-

viousness. In this respect, it should be pointed out that at one key point in its decision, the panel majority, by reading the sterile record, misinterpreted what the inventor was saying about the obviousness of a particular combination, resolving his testimony against him. [864 F.2d at 768, Ap.20a-21a.] This incident points out the danger in adopting the *de novo* standard now imposed by the Federal Circuit.

In short, rarely, if ever, are the factual underpinnings of the *Graham* inquiry free from controversial inferences, degrees of weight, and different interpretations. This case was not free of them. Thus, what the Federal Circuit has in fact done, as stated above, is to usurp unto itself the power to decide *de novo* the validity or invalidity of the vast majority of patents brought before it. The jury has, in this respect, been relegated to the task of resolving whatever disputes of "fact" may exist thru special, detailed interrogatories . . . .whatever that means, and how, if at all, that can be accomplished in a complex patent case. The questions are: did Congress intend this when it established the Federal Circuit; does the Seventh Amendment allow it; and should this Court, as a matter of administrative policy, permit it?

III. Confusion In The Language of This Court's Past Cases and Conflict Among and Within The Circuits Creates The Need For This Court to Address Head-On The Issue of A Jury's Role In A Patent Case, and Possibly Whenever A "Reasonable Man" Standard Is Involved

The Seventh Amendment to the Constitution of the United States says:

> "In Suits at common law, where the value in controversy shall exceed twenty dollars,

> the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law."

In 1936, this Court stated:

> "Validity and infringement are ultimate facts on which depends the question of liability [citations at fn 6 omitted]. In actions at law they are to be decided by the jury. If the evidence is not sufficient to establish validity and infringement, it is the duty of the trial court to direct a verdict for defendant [citations at fn 7 omitted]."
>
> *U. S.* v. *Esnault-Pelterie* 299 U.S. 201, 205 12 Baldwin 201, 205.

Esnault-Pelterie was a non-jury case under the special rules of the Court of Claims. And in the follow-up decision on this case, *U. S.* v. *Esnault-Pelterie* 303 U.S. 26, 29, 12 Baldwin 29, 30 (1937), this Court, while reaffirming its initial opinion, held that under certain very simplistic circumstances the questions of "invention" (i.e. now "obviousness") and infringement "may be determined as questions of law." The issue of the jury's role was thus left in limbo, because the issue was not before the Court. Both sides of this controversy, however, can find support for their positions in the language employed by this Court, and this situation was to be perpetuated in the years that followed.

In 1952 "obviousness" was codified into Section 103. In its *Graham* opinion, supra, on this new section, this Court stated:

> "While the ultimate question of patent validity is one of law . . . .[citation omitted] . . . the §103 condition, which is but one of three conditions. . . .lends itself to several basic factual inquiries."
>
> 86 S.Ct. at 694.

After setting forth the *Graham* inquiry procedure quoted above, this Court went on to say:

> "This is not to say, however, that there will not be difficulties in applying the nonobviousness test. What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context. The difficulties, however, are comparable to those encountered daily by the courts in such frames of reference as negligence and scienter, and should be amenable to a case-by-case development."
>
> (at 694)

There was, of course, no resolution of what the jury role was to be under this hybrid of fact and law. The issue was not before the Court. Again, both sides can find support in the quoted language for their positions. Indeed, it can be legitimately argued that both sides in the Federal Circuit opinion did just that. (Contrast, for example, the reasoning at 864 F.2d 762-63 with 777, Ap.8a-11a and 41a-42a.)

In 1974 this Court denied certiorari in a case from the Tenth Circuit, *Moore* v. *Shultz* 491 F.2d 294 (10th Cir. 1974). In that case, the 10th Circuit had held that nonobviousness was a question of fact for the jury to decide. *Moore* cited *Graham* in support of its holding, but noted a conflict on the subject with the

Fifth and Ninth Circuits. Interrogatory No. 2 posed to the jury, quoting Section 103 as a question in *Moore*, was the kind now specifically eschewed by the Federal Circuit. In *Moore*, no special back-up interrogatories were asked. While certiorari was denied, Justice Douglas dissented in a Memorandum Decision, *Shultz* v. *Moore* 95 S.Ct. 203 (1974) which stated as follows:

> "The decision below holding patentability a question of fact for the jury represents an abdication which is likely to produce haphazard application of the statutory and constitutional standard. Happily, two other circuits have not adopted this approach. See *Swofford* v. *B&W, Inc.*, 395 F.2d 362 (CA5 1968); *Hensley Equipment Co.* v. *Esco Corp.*, 375 F.2d 432 (CA9 1967). I would grant certiorari."
> 95 S.Ct. at 204

During this period and up to 1982, before the formation of the Federal Circuit Court, there was continuing conflict among the various Circuit Courts, as pointed out in both the PMD (864 F.2d at 765, Ap.15a) and the dissent (864 F.2d at 775-777, Ap. 36a- 42a). The oft-quoted treatise on patent law, *Chisum* Vol. II §5.04[3][d], p. 5-150 to 5-158.1, cited in the panel majority's opinion at fn 9 [Ap.15a], details the conflict that existed in the various Circuit Courts.

Following the establishment of the Federal Circuit in 1982 as the exclusive appellate forum for determining the issue presented, this case is the first to directly address the issue[9]. Importantly, however, in

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[9] Exclusive jurisdiction over patent cases is conferred upon the Federal Circuit by 28 U.S.C. §1292(c) and §1295.

1986 this Court paved the way for the full rippening of the issue for its review when it granted certiorari and simultaneously remanded for further findings under Rule 52(a), the *non-jury* case of *Dennison Manufacturing Co.* v. *Panduit Corp.* supra. Here, at 106 S.Ct. 1579, this Court stated:

> ". . . .most importantly, we lack the benefit of the Federal Circuit's informed opinion on the complex issue of the degree to which the obviousness determination is one of fact."

On remand, a three-member panel of the Federal Circuit unanimously stated that in this *non-jury* setting, the obviousness/nonobviousness question was one of law, finding support in the *Graham* statement that the ultimate question of "validity" was one of law. *Panduit Corp.* v. *Dennison Mfg. Co.* (II) 810 F.2d 1561, 1566-7 (Fed. Cir. 1987). No Seventh Amendment issue was involved because no jury was involved. This Court, thereafter, denied certiorari without opinion. *Dennison Mfg. Co.* v. *Panduit* 107 S.Ct. 2187 (1987). The issue of a jury's role was again left to be decided in the future.

While the panel's opinion on remand in *Panduit* was unanimous, Judge Newman, who was a member of the unanimous panel in *Panduit*, now is the dissenter in this case, when the jury role question is posed.

That there exists controversy and conflict among and within the Circuits is not reasonably questionable. As this Court stated in *Dennison* v. *Panduit* supra, 106 S.Ct. at 1579, the issue of whether obviousness is truly one of fact is a very complex one by itself. The even more complex issue which needs to be de-

cided is what role a jury, consistent with the parties' Seventh Amendment rights, should fulfill in resolving the issue.

IV. This Case Presents An Ideal Opportunity To Decide The Issue

It is, of course, not the purpose of this Writ to argue the merits of petitioner's case. Petitioner will not do so. It is, however, believed to be quite proper to point out the nature of this particular case, because in doing so, it will be seen that perhaps no better case could arise for deciding the important, fundamental issue posed.

First, *Panduit* has paved the way, and indicates the ripeness of the issue.

Second, the invention in this case is technologically uncomplicated. The prior art is rather easy to understand. Its specific elements are not in dispute. The claims of the patent are narrow and detailed, yet clear and understandable. The patent specification is easily understood, and its substance is not in dispute. The manner in which the invention was made is clearly presented on the record. The extensive commercial success and copying of others once they learned of the invention is not in dispute. The level of skill is not in dispute. Whether there were failures of others and a long felt need are in some dispute. A resolution of these latter two factors, however, is based primarily upon inferences to be drawn from the circumstantial behavior of others. In short, the lack of complexity of the technology and issues in this case eliminate the need to divert attention from the direct issue or to decide the issue narrowly.

Third, the jury was properly instructed in the *Graham* inquiry in clear and understandable language. It was asked a direct, simple interrogatory with no backup interrogatories:

> "Do you find that the Defendant has proven by clear and convincing evidence that any of the claims of Plaintiff's '770 patent are invalid because they are obvious?"

The jury answered by checking "No", and no other answers conflict therewith. The jury found no *willful* infringement. There is thus no overtone here of a "runaway" jury to divert attention from the real issue.

Fourth, the weight to be given each factual indicia of nonobviousness on the one hand, and obviousness on the other hand, is clearly in dispute. As brought out in the dissent, various conflicting inferences can be drawn from the evidence that was gathered, and different weights can be given individual factors and indicia. Thus, a jury acting reasonably had substantial evidence before it upon which it could have found nonobviousness. Even the panel majority implicitly admits this.

The opinions of the Federal Circuit are eloquent, clear, heavily researched, and present the deep nature of the conflict in clearly defined terms. Little, if any, speculative interpretation need be given to either opinion in this regard.

In short, the individual factual elements adequate to fulfill the *Graham* inquiry are all present on the record, and generally agreed to exist in this case. What is in controversy is the relative weight to be accorded each, the interpretation of testimony

thereon, the inferences to be drawn therefrom, and most important, who is to be assigned the task of weighing these inferences and arriving at a result within the context of the Seventh Amendment.

This is one of the simplest cases, in fact, this Court could ever hope to have come before it on this issue. Does the Seventh Amendment guarantee that a jury should be the one to decide the issue of "obviousness", subject only to the "reasonable jury/substantial evidence" standard on review? Or should a court be allowed to draw its own inferences, determine its own weight factors *de novo*, and thereby reach a result different from that of the jury? This issue is now abundantly ripe for review.

V. This Court's Ruling on the Standard of "Negligence" Points Out the Danger In Allowing the Federal Circuit's Opinion To Go Unaddressed

It is quite apropos to set forth a significant portion of this Court's opinion in *Schulz* v. *Pennsylvania RR. Co.* 350 U.S. 523, 76 S.Ct. 608 (1956):

> "In considering the scope of the issues entrusted to juries in cases like this, it must be borne in mind that negligence cannot be established by direct, precise evidence such as can be used to show that a piece of ground is or is not an acre. Surveyors can measure an acre. But measuring negligence is different. The definitions of negligence are not definitions at all, strictly speaking.
>
> Usually one discussing the subject will say that negligence consists of doing that which a person of reasonable prudence would not have done, or of failing to do that which a

> person of reasonable prudence would have done under like circumstances. Issues of negligence, therefore, call for the exercise of common sense and sound judgment under the circumstances of particular cases. '[W]e think these are questions for the jury to determine. We see no reason, so long as the jury system is the law of the land, and the jury is made the tribunal to decide disputed questions of fact, why it should not decide such questions as these as well as others.' *Jones* v. *East Tennessee, V. & G. R. Co.*, 1888, 128 U.S. 443, 445, 9 S.Ct. 118, 32 L.Ed. 478."
>
> (76 S.Ct. at 610)

"Obviousness" is clearly an issue quite similar to negligence. Like negligence, this issue calls for a determination from a fair cross-section of the community, using its common sense, judgment, and experience in life. The PMD virtually assures the elimination of this benefit in the vast majority of patent cases whenever a jury is involved. This Court, as the final arbitor of the Constitution and the forum that establishes uniform administrative policies for the federal court system, should decide the issue presented here,—not the specialized Federal Circuit Court of Appeals.

Conclusion

An historic, national issue needs resolving. This Writ presents this Court with an ideal opportunity to do so. Petitioner prays this Court to grant certiorari in this matter.

Respectfully submitted,

GEOFFREY R. MYERS

SHLESINGER & MYERS
200 Semmes Building
10220 River Road
Potomac, Maryland 20854
(301) 365-8000

JAMES G. STAPLES
Counsel of Record
PHILIP J. ZADEIK

BAKER & MCKENZIE
130 E. Randolph Drive
Chicago, Illinois 60601
(312) 861-2766

Counsel for Petitioner